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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: September 13, 2007

Three Islamists Arrested in Austria

1. Three Islamists arrested in Vienna are said to have had ties to terrorist network al Qaeda. The two men and one woman are suspected of having produced and published a video message, which -- according to ORF radio -- "indirectly" threatened attacks against Austria and Germany, unless they withdrew their military personnel from Afghanistan. Speaking on ORF television yesterday, Austrian Interior Minister Guenther Platter from the OeVP emphasized there was no direct evidence of a terrorist act being planned in Austria. He stressed, however, that al Qaeda had apparently increased its recruiting activities in Austria. According to the Minister, the suspects are Austrian citizens and second-generation migrants from Arab countries. According to the Director of Public Security, Eric Buxbaum, surveillance had revealed that the suspects were part of a network which discussed obtaining explosives, but he also underscored there was no evidence of a direct threat. The video appeared on the internet in March this year. All Austrian media prominently report on the arrest of three Islamists in Vienna, who are suspected of having produced a video indirectly threatening attacks against Austria and Germany, unless the two countries withdrew their soldiers from Afghanistan. Mass-circulation daily Kurier notes that this was the first time a threat from circles believed to have closer ties with al Qaeda was issued directly against Austria. After the message was posted on the internet in March 2007, the Austrian Federal Office for the Protection of the Constitution and Counter-Terrorism (BvT) had launched the most extensive anti-terror operation in its history, which was carried out in cooperation with German and US intelligence services. Following months of investigations, the three suspects were arrested on Wednesday, the Kurier writes. Mass-circulation tabloid Oesterreich points out that the "al Qaeda activist 'Amir' was born in Austria - and ended up shooting threat videos." According to the newspaper, one of "bin Laden's mouthpieces was arrested in Vienna with his terror cell." Semi-official daily Wiener Zeitung says that "well-integrated Muslims are spreading fear - but Interior Minister Platter does not see a direct threat" of an attack in Austria. Liberal daily Der Standard quotes Platter as describing the suspects as "quasi franchisees of al Qaeda." The Minister also underscored that there is no evidence to suggest a connection between the recently foiled attacks in Germany and the three second-generation Muslims arrested in Vienna this week. Meanwhile, centrist daily Die Presse suggests that the "children of migrants and persons having converted to Islam, who are usually perceived as the nice and inconspicuous guys from next door, have become the perfect recruiting material for al Qaeda in Europe."

Meinl Bank in Trouble

12. The Austrian financial market authorities have turned their eyes to Meinl Bank, as they are broadening their investigation of suspected market manipulation on the part of the listed property and investment firm Meinl European Land (MEL). The inquiry into MEL's dealings began three weeks ago after it became known that MEL triggered big losses in its share price with a buy-back of its own shares.

All major Austrian media report on the Austrian financial market authorities' investigation of Meinl Bank in connection with suspected market manipulation by the listed property and investment

firm Meinl European Land (MEL). MEL incurred massive losses in its share price with a buy-back of its own shares, and Meinl Bank was responsible for placing the shares and collected commissions on the deals, semi-official daily Wiener Zeitung says. The authorities are trying to establish how MEL and Meinl Bank interacted, who the owner or owners of the 150 million shares in question are, and whether MEL should have informed its share-holders about the buy-back in advance rather than only while it occurred. If MEL and Meinl Bank are found to have violated market laws, they could face severe fines. Stock market experts are calling for an overhaul of market legislation in light of this potential scandal, says the daily. Independent provincial daily Salzburger Nachrichten points out that Meinl Bank could be faced with a "torrent of legal actions," and the Chamber of Labor is already looking at whether a class action lawsuit might be an option.

Putin Sacks Government

13. Russian President Vladimir Putin dissolved the governing cabinet yesterday and appointed a little known official, Viktor Zubkov, as the new Prime Minister. Putin explained that he needed to appoint a government better suited to the election campaign and to "prepare the country for life after the election." The move has led to speculation in Russia that Zubkov may replace Putin as President when he retires next year.

Reporting on Russian president Vladimir Putin's decision to dissolve his governing cabinet, independent provincial daily Salzburger Nachrichten points out that this was something of a surprise move, as the majority of experts had expected that deputy head of government Sergei Ivanov would be appointed as cabinet leader. This latest development is yet another pirouette performed by the Russian President: By replacing the rather drab Prime Minister Mikhail Fradkov with a new candidate to take his orders, the Kremlin boss is keeping alive the speculation over his successor, the daily says. Similarly, mass-circulation tabloid Kronen Zeitung calls Putin's move a "succession thriller. Once again, the Russian President is shaking things up in a rather mysterious way." And mass-circulation daily Kurier believes Vladimir Putin has "set the course for his succession."

Interview with Kofi Annan

14. A leading Austrian daily publishes an interview with former UN Secretary General Kofi Annan, who argues he believes "we could have

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prevented the war in Iraq."

In an interview with centrist daily Die Presse, Kofi Annan looks back at his time as UN Secretary General, stressing that the "position (of UN boss) is unlike any other job. It's extremely challenging, but someone has to do it." He was "grateful to the US" for its support in his election to the post, and he "always cooperated well with all governments, including the United States. If that changed, it was because of the Iraq crisis. You can almost draw a line between the time before and after the attacks of September 11. The tensions that emerged during the Iraq crisis affected not only the UN Secretariat General, but US allies the world over." He does not believe any war should ever be accepted as unavoidable, but "it was obvious the US wanted to become active in Iraq. Many of us worked very hard on making it possible for the UN inspectors to do their job. We tried until the last minute to prevent the war: we talked to governments; we tried it in the Security Council. The fact that we saw the war coming - whether in

2002 or early 2003 - was never going to be an excuse to simply sit back and say the war is unavoidable, there's nothing we can do." Annan argues that the war in Iraq could have been avoided, "if the inspectors had been given more time to do their work; if every UN member country had agreed to play by the rules and wait for a Security Council resolution and to only become active after that resolution. In that case, there would not have been a war. But when some nations decided to act outside the Security Council, the 'unavoidable' happened."

McCaw